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Division of Environmental Public Health

Office of Drinking Water

# Drinking Water State Revolving Fund (DWSRF)

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Office of Drinking Water

**PUBLIC HEALTH**  
SAFER WASHINGTON FOR A Safer AND HEALTHIER WASHINGTON

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HELPING TO ENSURE SAFE AND RELIABLE DRINKING WATER

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# Mission

To protect the health of the people of Washington State by assuring safe and reliable drinking water.



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# DWSRF Loan Program

- ◆ Increase public health protection and compliance with drinking water regulations
  - *Funded through U.S. Environmental Protection Agency and state revolving loan funds*
  - *Administered by Department of Health and Public Works Board*

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# DWSRF Financing

- ◆ New pre-construction grant program pilot project
- ◆ DWSRF **2014** construction loan program (low interest loans)

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# DWSRF Pre-construction Grant Program

- ◆ Small water systems facing compliance and infrastructure improvement issues
- ◆ Pilot project limited to six projects

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# DWSRF **2014** Loan Cycle

- ◆ Approximately \$41 million available
- ◆ Loan limits
  - \$12 million per jurisdiction
  - \$24 million for projects involving multiple systems
- ◆ Application deadline Sept. 30, 2014

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## Loan Terms

- Interest rates = 1.0 - 1.5% depending on income level of community
- Loan fee = 1%
- Repayment period = 20 years, or the life of the project, whichever is less

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## Loan Forgiveness

**Subsidy**

- Partial loan forgiveness for communities with high affordability index numbers or water system restructuring projects
- We expect the amount in 2014 to be about \$4.2 million

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## AFFORDABILITY INDEX

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## What Does the Affordability Index Look Like?

- Actual median household income
- Proposed loan amount
- Annual expenses including O&M, existing debt, and reserves
- Total connections

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## How We Figure Your Affordability Index

	Actual MHI	Proposed Loan Amount:	Annual Expenses Includes O&M, existing Debt and Reserves:	Total Connections:
	\$42,000	\$600,000	\$19,200	42
Interest Rate:	1.50%	1%	1.50%	1%
Principle Forgiveness:	30% Subsidy Above	30% Subsidy Between	30% Subsidy Between	30% Subsidy Below
Calculated MHI Range:	\$85,348	\$5,348 ← → \$64,461	\$64,461 ← → \$36,834	\$36,834
Annual Debt Payment:			\$14,461	
Monthly Debt Payment:			\$1,205	
Monthly O&M:			\$15.54	
Total Monthly Cost:			\$1,220.54	
Water System is 30% Economically Disadvantaged Affordability Index <= 1.5%		Water System with an Affordability Index of >1.5% to 2.0%	Water System with an Affordability Index of >2% to 3.5%	Water System with an Affordability Index of >3.5%

Below is the monthly cost and affordability index with a 1.5% loan using the above entries:  
Monthly cost: \$187.64      AI: 3.82%

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## RETROACTIVE FINANCING

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## Retroactive Financing for Municipal Water Systems

- ◆ Must be publicly owned (municipal)
- ◆ Must address:
  - Surface water issue
  - Water quality issue in Risk Category 2 or 3
  - Compliance / enforcement action

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## Retroactive Financing for Municipal Water Systems (cont.)

- ◆ Projects constructed after Jan. 2011 score higher
- ◆ Projects constructed before Jan. 2011 score lower

Projects must comply retroactively with regulations and requirements

**Retroactive funding is not guaranteed!**

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## ELIGIBILITY

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## Is Your Project Eligible?

### Eligible Applicants

- ◆ Group A community systems
- ◆ Group A nonprofit noncommunity systems
- ◆ Group B systems converting to Group A
- ◆ Tribal systems not receiving SRF tribal set asides

### Eligible Projects

- ◆ Projects that address a public health risk
- ◆ Projects that upgrade deteriorated facilities

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## Applicants Not Eligible

### Applicants

- ◆ Group B systems not converting to Group A
- ◆ Group A noncommunity for-profit systems
- ◆ Federal and state-owned systems

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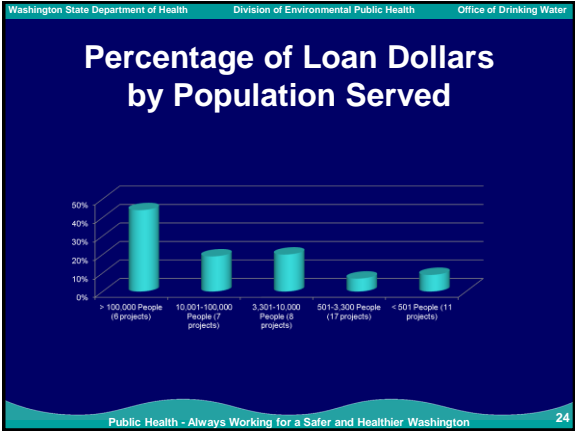
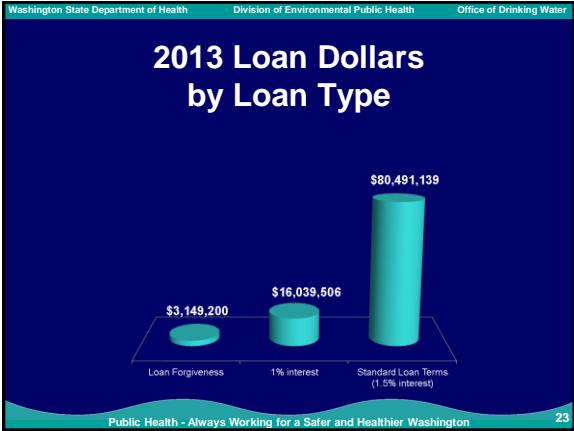
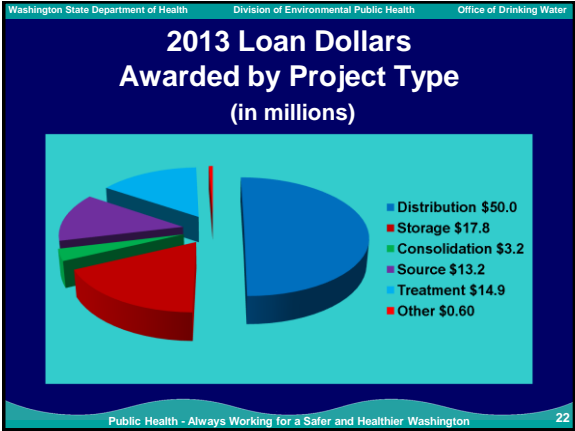
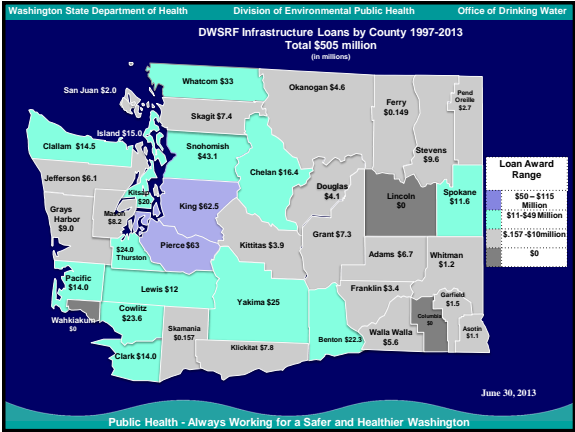
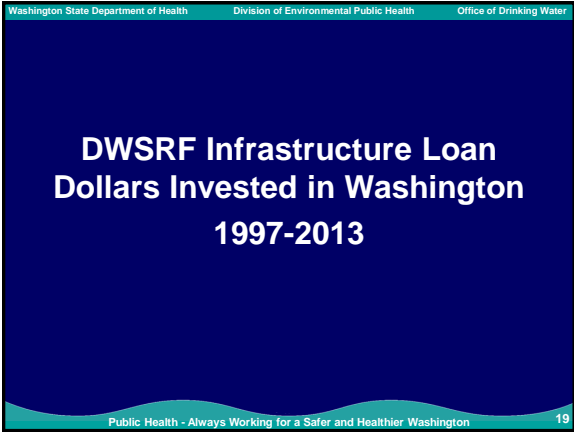
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## Projects Not Eligible

- ◆ Operations and maintenance
- ◆ Primarily for future growth or fire flow
- ◆ No construction component

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# DWSRF PROJECTS RECENTLY COMPLETED

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# City of Royal City New Well – \$1.2 million



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# Juniper Beach Water District and Land’s Hill Community Association



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# THINGS TO CONSIDER BEFORE APPLYING FOR 2014 DWSRF LOAN

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# Is Your Project Ready to Proceed?

- ◆ Scope of work clearly defined?
- ◆ Water rights in hand?
- ◆ Right-of-way or property ownership secured?
- ◆ Near cultural site?
- ◆ Project included in WSP or SWSMP?
- ◆ Regional Office involved?

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# Water System Planning

- ◆ Proposed project must be included in your approved WSP or SWSMP
- ◆ Plan amendments okay
- ◆ Deadline for plans or amendments is strictly enforced; must be approved by **September 30, 2014**
- ◆ Assistance for preparing your SWSMP is available through:  
**ERWoW      RCAC**  
**800-272-5981      509-927-6748**

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### Applicant Financial Viability

- ◆ System able to repay loan?
- ◆ Are water rates appropriate?
- ◆ Is there a reserve account?
- ◆ Other debt?
- ◆ System budget, 6-year plan in place?
- ◆ *Financial viability for small water systems fact sheet (DOH 331-405)*

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### Other Factors to Consider

- ◆ Administrative costs of the loan
- ◆ Contracts must be signed **within 60** days of offer
- ◆ Begin construction **within 18** months of signing contract
- ◆ Loan draws are reimbursement based
- ◆ 10% of loan amount retained until final project close out

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## DWSRF 2014 APPLICATION

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### How to Apply

- ◆ Applications are submitted online
- ◆ No computer?  
Paper applications are accepted
- ◆ Questions?  
Contact our staff for help

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### General Requirements

- ◆ Submit each project separately
- ◆ Meet water system plan submittal and approval deadlines; planning documents must be approved by September 30, 2014
- ◆ **Read guidelines carefully for eligibility and scoring requirements!**

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## DWSRF APPLICATION PROJECT SCORING

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## Project Scoring

- Scoring based on public health risk
- The five risk categories in priority order:
  - 1: Microbial risk
  - 2: Primary inorganic chemical risk
  - 3: Other primary chemical risk
  - 4: Secondary chemical/seawater intrusion risk
  - 5: Main replacement or distribution improvements

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## Project Scoring (cont.)

- Within each risk category, scoring is based on type of project proposed:
  - New source
  - Source reconstruction
  - Disinfection improvements
  - Filtration
  - Reservoir improvements
  - Other

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## Project Scoring (cont.)

### Risk Category 1: Microbial Risk

Project	Points
New source	120
Source reconstruction	115
Disinfection improvements	110
Filtration	110
Reservoir improvements	100

To receive a score in this category your project must address:  
Total Coliform Rule; Surface Water Treatment Rule;  
Groundwater Rule; uncovered reservoir

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## Project Scoring (cont.)

### Risk Category 2: Primary Inorganic Chemical Risk

Project	Points
New source	115
Source reconstruction	110
Treatment	105

Examples: Antimony, Arsenic, Asbestos, Barium, Beryllium, Cadmium, Chromium, Copper, Cyanide, Fluoride, Lead, Mercury, Nickel, Nitrate, Nitrite, Selenium, Thallium

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## Project Scoring (cont.)

### Risk Category 3: Other Primary Chemical Risk

Project	Points
New source	105
Treatment	100

Examples: Trihalomethanes, Radionuclides, Organic Chemicals

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## Project Scoring (cont.)

### Risk Category 4: Secondary Chemical or Seawater Intrusion Risk

Project	Points
New source	50
Treatment	45

Examples: Chloride, Fluoride, Iron, Manganese, Silver, Sodium, Sulfate, Zinc

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## Project Scoring (cont.)

**Risk Category 5: Infrastructure Replacement or Distribution Improvements**

Project	Points
Distribution reservoir (new/add'l)	40
New source	40
Water main / other distribution project	35
Backflow prevention devices (stand-alone)	30
Pressure reduction devices (stand-alone)	25
Security measures (stand-alone)	20
Treatment plant discharge improvements	5

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## Bonus Points

	Points
Restructuring (consolidation)	3 per system
Regional benefit (up to 5 pts)	1 per Group A
Multiple benefit (up to 4 pts)	1 per risk category
Affordability (water rates)	0 - 10
Service meter installation	2

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## STATE AND FEDERAL REQUIREMENTS

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## Requirements - if Approved for a Loan

- Conduct project cultural/historical consultation (National Historic Preservation Act, Section 106)
- Conduct project environmental review (Federal and State Environmental Policy Acts)
- Pay state prevailing wages, or Federal Davis Bacon, whichever is higher

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## Questions & Comments?

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## For More Information

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Eastern Regional Office	509-329-2100
Public Works Board	360-725-3150

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